No. 184

JUL 20 1943

CHARLES ELMORE CROPLEY

IN THE

Supreme Court of the United States

HARVEY S. COVER,

Petitioner,

vs.

CHICAGO EYE SHIELD COMPANY,
an Illinois corporation,

Respondent.

PETITION IN BEHALF OF HARVEY S. COVER AND BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

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BRIEF:

An offer of judgment under Rule 68 is too late, and invalid, where the offer is held back until 14 months after the trial of the issues of validity and infringement and the right to an injunction and an accounting in a patent case, and until after an appeal to the Circuit Court of Appeals, and is not made until prior to the accounting, within Rule 68, which requires that an offer of judgment be made "more than ten days before the TRIAL begins" 11

The ruling herein is inconsistent with Rule 68 on its face, since the offer of judgment was not made before the trial but was held back until fourteen months after the trial began 12

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PETITION IN BEHALF OF HARVEY S. COVER FOR WRIT OF CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

To the Honorable the Chief Justice of the United States and Associated Justices of the the Supreme Court of the United States:

Your petitioner, Harvey S. Cover, prays for a Writ of Certiorari to the Circuit Court of Appeals for the Seventh Circuit to review the Judgment of that Court entered on June 12, 1943, affirming that portion of the judgment of the District Court for the Northern District of Illinois,

Eastern Division (R. 15), awarding costs of a patent accounting to the defendant, "solely because of defendant's offer of judgment" under Rule 68 of the Federal Rules of Civil Procedure, relating to Offers of Judgment.

This Petition involves a pure question of law to wit: the construction of Rule 68 of the Federal Rules of Civil Procedure, relating to offers of judgment. The question raised is whether the offer of judgment in this case was served upon the petitioner "more than 10 days before the beginning of the trial".

Rule 68 reads as follows:

> "At any time *more than* 10 *days before the trial begins,* a party defending against a claim may serve upon the adverse party an offer to allow judgment to be taken against him for the money or property or to the effect specified in his offer, with costs then accrued. If within 10 days after the service of the offer the adverse party serves written notice that the offer is accepted, either party may then file the offer and notice of acceptance together with proof of service thereof and thereupon the clerk shall enter judgment. If the offer is not so accepted it shall be deemed withdrawn and evidence thereof is not admissible. If the adverse party fails to obtain a judgment more favorable than that offered, he shall not recover costs in the district court from the time of the offer but shall pay costs from that time."

More specifically, the question is whether, under Rule 68, an offer of judgment may be made *after* the trial of the issues of validity and infringement and the right to an accounting and injunction in a patent case, and prior to the hearing on the accounting as held by the courts below. In other words, is the hearing on the accounting in a patent case a separate "trial" as distinguished from

the trial on the issues of validity and infringement and the right to an accounting, and a permanent injunction; so that the offer of judgment, under Rule 68, may be made before the hearing on the accounting as held by the courts below? Or, are the hearings on the issues of validity and infringement, and the right to an accounting, and a permanent injunction; and the hearing on the accounting, all parts of *one single trial*, so that the offer of judgment *must be made before* the trial of the issues of validity and infringement, and the right to an accounting and a permanent injunction as contended by petitioner?

A transcript of the record in the case, including the proceedings in said Circuit Court of Appeals, is filed herewith, in accordance with the rules of said Court.

While ordinarily a question of costs alone is not appealable, it is a well-established rule that a question of costs is appealable where the construction of a statute or rule is involved as is the case here. This was recognized by the court below.

STATEMENT.

Petitioner filed suit for infringement of six patents. After the trial on the issues of validity and infringement, beginning on June 5, 1939, the District Court entered a judgment finding two patents valid and infringed, and awarded an injunction and an accounting. The District Court's judgment was affirmed by the Circuit Court of Appeals. The case was remanded for an accounting, and on August 20, 1940, the defendant, after filing its account, made an offer of judgment of $3,500.00 "more than 14 months after the trial of the issues of infringement and validity and the

right to an accounting and permanent injunction began, on June 5, 1939.

The testimony in the accounting began on September 20, 1940, and thereafter the Master rendered a draft report (Ex. 18, p. 236), awarding $328.62 on patent No. 2,120,231, and $121.08 on patent No. 2,112,217, or a total of $449.70, with 5 per cent interest, and finding "that the defendant be decreed to pay all the costs of this suit including the fees of the court reporter and fees of the Master."

The Master subsequently rendered a final report, to the same effect as the draft report, in so far as the issues on this petition are concerned. The defendant objected to the Master's finding awarding costs to the plaintiff.

The District Court sustained the Master's report with respect to patent No. 2,112,270 and overruled the Master in regard to patent No. 2,120,221; held a changed device to be an infringement, and entered judgment that the plaintiff recover $10,346.67, with interest at 5 per cent and the costs of the accounting (Ex. 18, p. 286). The defendant appealed. The judgment of the District Court was reversed, and the Master's report was sustained by the Circuit Court of Appeals. On the defendant's appeal it assigned error in respect to the court's judgment awarding costs to the plaintiff (Ex. 18, p. 291), as follows:

> "36. The District Court erred in awarding costs to plaintiff and in failing to award costs to defendant in view of defendant's offer of judgment, and plaintiff's failure to prove he is entitled to any recovery substantially in excess of that set forth in defendant's Statement of Account."

On appeal to the Circuit Court of Appeals on the accounting, although the defendant assigned error on

costs, the defendant expressly stated, "we shall not argue the question of costs," because the defendant's offer of judgment was not in the record and was expressly inadmissible under Rule 68 until the entry of judgment in its favor, and was therefore not a part of the record. Thus the defendant waived the question of costs on the merits and has no right to even ask for costs on any other ground than upon its offer of judgment which we contend is too late.

After the mandate, the defendant moved (R. 2) on October 12, 1942, that the court sustain defendant's objection to the Master's report awarding costs to the plaintiff. On the hearing of defendant's motion for costs, the defendant filed its offer of judgment for $3,500.00, and asked that it be awarded costs because of its offer of judgment made on August 20, 1940 (R. 3). The District Court sustained the defendant's objection to the Master's report awarding costs to the plaintiff, because of defendant's offer of judgment (R. 4).

The plaintiff moved to vacate this order and to award costs to the plaintiff, the prevailing party (R. 5). The District Court denied the motion "solely because of defendant's offer of judgment" (R. 14) and entered judgment awarding costs to the defendant, "solely because of its offer of judgment (R. 14).

The plaintiff appealed to the Circuit Court of Appeals for the Seventh Circuit from that part of the judgment ordering the plaintiff to pay the costs of the accounting "solely because of defendant's offer of judgment" (R. 15).

The amount involved is $1,896.25. If the costs are awarded to the plaintiff, the plaintiff will receive $904.10 instead of paying out $992.15.

Statement of Jurisdiction.

The jurisdiction of this Court is invoked under the provisions of Section 240 of the Judicial Code as amended by the Act of February 10, 1925 (28 U. S. C., Sec. 347). The date of the judgment to be reviewed is June 12, 1943.

The Question Presented.

1. Is a defendant's offer of judgment made more than ten days before the trial begins within Rule 68, when it is not made until more than fourteen months, to-wit: August 20, 1940, after the beginning of the trial of the issues on validity, infringement, and the right to an accounting, and injunction, to-wit: June 5, 1939, even though more than ten days before the beginning of testimony on the accounting on September 20, 1940?

The Reasons Relied Upon for Allowance of the Writ.

1. The Circuit Court of Appeals and the District Court have ruled that a hearing on an accounting in a patent suit is a separate trial from the hearing on validity and infringement, and the right to an injunction and accounting, and that a valid offer of judgment may be made under Rule 68 more than ten days before the beginning of the hearing on the accounting, although subsequent to the trial on the issues of validity and infringement, and the right to an injunction and accounting and although Rule 68 requires that an offer of judgment be made more than ten days before "the trial begins".

In so ruling, the courts below have:

(a) Decided an important question of federal law, which has not been, but should be, settled by this court;

(b) It has decided a federal question in a way prob-

ably in conflict with analogous applicable decisions of this court; and in conflict with decisions of the courts of the states having similar rules or statutes, from which Rule 68 was adapted.

(c) The question is of great public importance.

Petitioner submits that the decision below is erroneous because it is plainly in conflict with the wording of Rule 68 on its face and also in conflict with the spirit of Rule 68.

Both parties agree that the question is new and of great public importance.

> "The first question raised on this appeal is new. Prior to this case Rule 68 has never been interpreted in relation to an offer of judgment made more than ten days prior to the hearing of a patent accounting. While the amount involved in this case is small, the question of law involved is of considerable importance in connection with patent litigation" (D. Brief below, p. 6).

Also, the Circuit Court of Appeals in its decision said:

> "* * * It is a question of first impression in this court, and we are unable to find a case in any other court where it has been presented."

Petitioner also represents that under the circumstances presented, it will be manifestly impossible for him to obtain a conflict of opinion in different Circuits.

Definite determination of this question is of great importance to every litigant and the general public.

Wherefore, Your Petitioner Respectfully Prays that a Writ of Certiorari issue out of and under the seal of this

Honorable Court, directed to the United States Circuit Court of Appeals for the Seventh Circuit, commanding that Court to certify and to send to this Court for its review and determination, on a day certain to be therein named, a full and complete transcript of the record and all proceedings in the case numbered and entitled on its docket, Docket No. 8220, *Harvey S. Cover, plaintiff-appellant* v. *Chicago Eye Shield Company, a corporation, defendant-appellee,* and that said decree of said United States Circuit Court of Appeals for the Seventh Circuit be reversed by this Honorable Court, and that the offer of judgment be held too late, and that the plaintiff be awarded costs of the accounting as the prevailing party, and that your petitioner may have such other and further relief in the premises as to this Court may seem meet and just.

Most respectfully submitted,

HARVEY S. COVER,

By JOSHUA R. H. POTTS,
EUGENE VINCENT CLARKE,
Counsel for Petitioner.

Chicago, Illinois,
July 15, 1943.

Certificate.

This petition is, in our judgment, well founded, and is not interposed for purpose of delay.

JOSHUA R. H. POTTS,
EUGENE VINCENT CLARKE,
Counsel for Petitioner.

IN THE

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vs.

CHICAGO EYE SHIELD COMPANY,
an Illinois corporation,

Respondent.

BRIEF IN BEHALF OF HARVEY S. COVER IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI TO THE CIRCUIT COURT OF APPEALS OF THE SEVENTH CIRCUIT.

The District Court's judgment awarding costs to the defendant "solely because of defendant's offer of judgment" is printed at R. 14. Its order refusing to allow costs to the plaintiff "because of defendant's offer of judgment" is printed at R. 14. The opinion of the Circuit Court of Appeals is printed at R. 30 (so far unreported). Prior opinions of the Circuit Court of Appeals in this litigation are reported at 111 F. (2) 854 and 130 F. (2) 25.

Jurisdiction.

The statement of jurisdiction is set forth.

Statement of the Case.

The facts have been set forth in the foregoing petition.

Specification of Errors.

The Circuit Court of Appeals erred in holding that the hearing on the accounting in a patent suit is a separate trial from a hearing on the issues of validity and infringement and the right to an injunction and an accounting, and that a valid offer of judgment may be made more than ten days before the beginning of a hearing on the accounting, and does not have to be made more than ten days before the beginning of the trial on the issues of validity and infringement and the right to an injunction and an accounting, within Rule 68, which requires that an offer of judgment be made "more than ten days before the beginning of the trial."

Summary of Argument.

The offer of judgment was invalid because it was not made more than ten days before the *beginning* of the trial. A hearing on an accounting is not a separate trial from a hearing on validity and infringement and the right to an injunction and an accounting. The hearing on an accounting is incidental, relates to the relief, and is a part of the single trial which began with the hearing on validity and infringement and the right to an injunction and an accounting. A valid offer of judgment must be made before the beginning of the hearing on the issues of validity and infringement and the right to an injunction and an accounting in a patent suit.

It is too late when not made until the case has been tried and the patents held valid and infringed and an injunction and an accounting awarded plaintiff by the District Court, and the judgment affirmed by the Circuit Court of Appeals, as was the case herein.

ARGUMENT.

As the Circuit Court of Appeals stated:

> "This appeal involves the construction of Rule 68 of the Federal Rules of Civil Procedure relating to offers of judgment. The question raised is whether the offer to confess in this case was served upon appellant more than ten days before the beginning of the trial. * * *"

Rule 68 provides:

> "At any time more than 10 days before the trial begins, a party defending against a claim may serve upon the adverse party an offer to allow judgment to be taken against him for the money or property or to the effect specified in his offer, with costs then accrued. * * *"

The trial of the issues of validity and infringement and the right to a permanent injunction and an accounting, began on June 5, 1939. The defendant could have made, but did not make, its offer before the beginning of the trial. Instead, it delayed making the offer of judgment until August 20, 1940, before the beginning of the hearing on the accounting, which was more than fourteen (14) months after the trial on the issues of validity and infringement, and the right to a permanent injunction and an accounting.

The courts below ruled that the hearing on the accounting was a separate trial, and that the defendant had the right to delay its offer of judgment until after the trial of validity and infringement, and the right to a permanent injunction and an accounting, and the appeal therefrom to the Court of Appeals and make the offer before the accounting.

In this, we submit, the courts below erred. The very wording of Rule 68 is so clear that there would seem no room for interpretation. The Rule states:

> "At any time more than 10 days before the trial begins * * *"

To allow the ruling of the courts below to stand, will defeat the very purpose of the Federal Rules of Civil Procedure, of which Rule 1 states that the Rules of Civil Procedure

> "* * * shall be construed to secure the just, speedy and inexpensive determination of every action * * *"

The construction applied by the courts below secures "the unjust, tardy and expensive determination of every action."

If the ruling below is allowed to stand, it will set a precedent to encourage defendants to delay offers of judgment and to delay the determination of actions, to increase expense and to promote injustice. Every defendant, in a patent case, at least, will undoubtedly contest the issues of validity and infringement, experiment with these issues, and put the plaintiff to expense and trouble in sustaining these issues before making an offer of judgment. Every defendant would be encouraged further to appeal an adverse decision on validity and infringement to the Circuit Court of Appeals as was done herein be-

fore making an offer of judgment, based upon facts exclusively within defendant's knowledge, and further delay determination of the action and increase the expense.

On the contrary, a construction of the Rule which would require that the offer of judgment to be made as the Rule states:

> "more than 10 days before the trial begins" (that is, before the trial of the issues of validity and infringement, and the right to a permanent injunction and an accounting).

would really promote the object of the Rules, to-wit:

> "just, speedy and inexpensive determination of every action."

Under such construction, practically every defendant who would make an offer of judgment at all would make it before the trial of the issues of validity and infringement. There would, also, be an incentive for the plaintiff to accept an offer of judgment before the trial of the issues of validity and infringement, because he might obtain the "just, speedy and inexpensive determination of the action in the case before any substantial expense is incurred.

The same incentive would not exist where there had already been a trial of the issues of validity and infringement, and substantial expense had been incurred.

Aside from this, the construction employed by the courts below would be most unfair, because in an accounting, the facts usually are within the peculiar knowledge of the defendant, and the defendant alone knows how many devices, how much profits he has made, and how much profit is attributable to the invention.

In the case at bar, the plaintiff had been put to all the expense and trouble of the trial and the appeal to the Circuit Court of Appeals, and had experienced the hazard and expense of testing the validity of his patents, infringement, and the right to an injunction and an accounting in both the trial court and the Circuit Court of Appeals.

On the other hand the defendant-respondent herein, first experimented with a trial in the District Court, and having failed therein, it again experimented with an appeal to the United States Circuit Court of Appeals; and again having failed, it then, for the first time, made its offer of judgment. It was not experimenting at that time, because it had full knowledge that it had lost on the question of validity and infringement, and petitioner's right to a permanent injunction and an accounting.

The only question left for settlement was the amount of profits it had to account for. It had full and complete knowledge of the amount of profits it had made by the manufacture and sale of the adjudicated infringing device—while petitioner had no knowledge whatever in this regard.

If an offer of judgment may be made later than "more than 10 days before the trial begins," how late in the case may it be made? If the defendant had made its offer of judgment on June 1, 1939 (instead of August 29, 1940) it would seem to have been too late, because it would not have been made "ten days before the trial begins" which was on June 5, 1939. If the offer of judgment would have been too late if it were made on June 1, 1939, how could it be in time if it were made fourteen months later?

The Petitioner submits that the effect of the construction applied by the lower courts to Rule 68 shows plainly the error of that construction.

Petitioner submits that it is significant that Rule 68 uses the words "*the trial* begins." If the Rule contemplated that there should be more than one trial in a case, and an offer of judgment could be made before any one of the trials, the Rule would have stated instead:

> "At any time more than 10 days BEFORE ANY *ONE* OF THE *TRIALS* BEGINS."

The Rule did not so state, and its failure to so state makes it seem manifest that the construction employed by the courts below that an accounting is a separate trial, is an erroneous one.

Further, if the trial court, after deciding the issues of validity and infringement and the right to an injunction and an accounting, had proceeded itself to conduct the accounting immediately thereafter, as it could, it would hardly be contended that the defendant would have had a right to make a valid offer before the accounting.

The accounting may be heard at the same time as the issues on validity and infringement. *Barrick* v. *Pratt* (C. C. A. 5), 32 F. 2(d) 733, 734. *McManus* v. *Sawyer,* 231 F. 231, 233; U. S. P. Q. (S. D.) 733, 734.

The Circuit Court of Appeals ruled that it has been the custom for many years in patent cases to

> "first have a separate hearing on the question of validity and infringement and never to go into a question of accounting until the questions of validity and infringement have been determined. * * *"

In effect, the Circuit Court of Appeals has ruled that

there may be two trials in a patent case, that is, there is one trial of the issues of validity and infringement, and another later trial of the accounting. In so concluding, we submit the Circuit Court of Appeals plainly erred.

The decision below is in conflict with analogous applicable decisions of the Supreme Court.

The Supreme Court, construing identical language in a removal case, has held that the hearing on an accounting is not a separate trial but only a part of one single trial.

The Supreme Court interperted the Third section of the Act of March 3, 1875 (18 Stat., Part 3), providing that whenever either party entitled to remove a suit should desire to remove a suit, the party may

> "file the petition in such suit in such court, before or at the term at which said cause should be tried and *before the trial* thereof for the removal of such suit. * * *"

In *Jifkins* v. *Sweetzer,* 102 U. S. 177, there was a trial in the State Court and an affirmance by the Supreme Court of the State. Nothing remained to be done but to take an accounting. Thereafter a petition was filed for removal, which was denied by the Supreme Court. The court held the accounting was not a new hearing but was only a continuation of the old hearing.

> "The final hearing was entered on when, in the orderly course of proceedings, the issue made by the pleadings, and on which the rights of the parties depended, was submitted to the court for judicial determination. It matters *not* that after the *main question* in the case had been settled, the convenience of the court made it necessary to call in the help of a master. In this way no new hearing was entered on. The old submission was only continued until the details of the original inquiry could be *settled* for the purposes of a final decree."

Other Supreme Court cases construing the words "before trial" are:

Removal Cases, 100 U. S. 453, 373.
Alley v. *Nott,* 112 U. S. 472, 475, 476, 477.
Lookout Mountain Ry Co. v. *Houston & Co.,* 32 Fed. 711.

It is manifest from the above decisions that this Court has not considered an accounting as a new trial, and that the words "before trial begins" mean before trial of the main case.

The ruling below, we submit, is in conflict with the well-established law that there can be only one trial between the same parties in a single case, on the same cause of action.

The rule is universal that a trial is not ended until a judgment can be entered which shall be a final disposition of the controversy on its merits.

In *Griggs* v. *Meek,* 261 Pac. 126, 37 Wyo. 28, the court said:

> " * * * We are concerned in this case with the question of—when does a trial end—rather than—when does it commence, since in this case the plaintiff had introduced all of his evidence and rested when the hearing was interrupted. *Ordinarily, a trial is not ended until a judgment can be entered, which shall be a final disposition of the controversy on its merits.* Hyatt on Trials, v. 1, p. 44; *Gulf, Colorado & Sante Fe R. R. Co.* v. *Muse,* 109 Tex. 352; 207 S. W. 897, 4 A. L. R. 613. There is authority to the effect that a hearing which does not terminate in a judgment is not a trial. *State* v. *Hasledahl,* 2 N. D. 521, 52 N. W. 315, 16 L. R. A. 150. That a trial, once commenced, does not end until the completion of the examination or investigation in con-

troversy *there can be no doubt.* * * * It would therefore appear that the term 'trial' contemplates, the *final disposition of the controversy,* either on the fact or on a question of law."

"In a broad sense a hearing includes every step where the judge is called upon to rule for or against any party to the cause."

State ex rel. Lebeck v. *Schabez,* 113 P. (2d) 179, 187; 45 N. M. 161.

Rankin-Nash v. *Texas,* 58 S. W. (2d) 902.

Central v. *Loiseau,* 235 N. W. 106, 107.

Mygalt v. *Wilcox,* 35 How. Pr., N. Y., 410, 412.

Molen v. *Demming & Clark,* 50 P. (2) 11; 56 Idaho 57.

Hastings v. *Hastings,* 531 Cal. 95, 96.

Neal v. *Curtis,* 41 S. W. 543, 557; 328 Mo. 389.

Thompson v. *Jackson,* 116 N. E. 452.

Hancock v. *Bradstreet,* 13 Cal. 637.

The fact that there may be legal questions raised going to less than the complainant's whole case and that these may be separately determined does not mean that there is more than one trial.

30 C. J. Secundum, 882.

The court expressly recognized that the costs would have been awarded to the plaintiff, except for the defendant's offer of judgment, sustaining the Master's recommendation. This conclusion is inescapable from the District Court's use of words in awarding the costs to defendant—"solely because of defendant's offer of judgment."

The defendant has no right to ask for costs in this case on any other ground than on its offer of judgment. The defendant assigned error on its appeal to the Circuit Court of Appeals (Assignment No. 36), (Accounting Record, Ex-

hibit 18, p. 291). The defendant abandoned its assignment of error by expressly stating:

"We shall not argue the question of costs" because defendant's offer of judgment was not a part of the record, because expressly inadmissible under Rule 68 until the entry of judgment. Furthermore the Master's report finding the issues in favor of petitioner and awarding costs to petitioner was affirmed by the Circuit Court of Appeals.

The decision below is in conflict with decisions of the courts of the states having similar rules or statutes from which Rule 68 was adapted.

Rule 68 was derived from Section 9323 of the Minnesota Statute (1927); Section 9770 of the Montana Statute (1935) and Section 177 of the New York Civil Practice Act (1937). These states and other states have had very similar rules or statutes, for years.

In *Mansfield* v. *Fleck*, 23 Minnesota 61, it was held that an offer of judgment made nine and one-half (9½) days before the trial was too late.

To the same effect are:

Warner v. *Babcock*, 41 N. Y. S. 493, 494.
Corning v. *Radley*, 54 N. Y. S. 565, 566.
Herman v. *Lyons*, 17 N. Y. Sup. Ct. 111.
Federal Deposit Ins. Corp. v. *Fruit Growers Service*, 2 F. R. D. 131.

A hearing on an accounting is incidental and a part of the relief and is not a new trial as distinguished from the hearing on validity and infringement and the right to an injunction and accounting.

An accounting is an incident of the right of injunction, and a part of the relief.

In *Flat Slab Patents Co.* v. *Turner,* 285 F. 257, 272, the Circuit Court of Appeals of the Eighth Circuit said:

> " * * * In a patent infringement case two kinds of relief may be afforded: Prevention of future infringement and compensation for past infringement. The latter ordinarily requires an accounting to ascertain the amount due. Such is the sole purpose and function of an accounting in an infringement case. * * *
>
> "The rights of the parties are settled by an interlocutory decree of infringement. Nothing remains but to ascertain the damages."
>
> *Providence Rubber Company* v. *Goodyear,* 9 Wall., U. S. 788.

But as the account for profits previously was the incident of the suit, and not its object, so now the power to award damages and to multiply them is added as an incident to the right to an account.

> *Filer & Stowell Co.* v. *Diamond Iron Works,* 270 F. 491.
>
> *Root* v. *Railway Co.,* 105 U. S. 216, 28 U. S. 455; Hopkins on Patents, p. 605.
>
> *Chapman* v. *Ferry, et al.,* 12 Fed. 695.
>
> *Atwood* v. *Portland Co.,* 18 Wood, 10 F. 284.

In *Boissevain* v. *Pope,* 118 N. Y. S. 577, there was a reference to state an account. The court said:

> "In my opinion there was but one trial, the proceeding before the Referee being a part of such single trial, and not an independent and separate trial. The investigation of the account, to ascertain on which side the balance lay and the amount thereof, may have been made by the trial justice as a *continuation and a part of the trial which was heard before him.*
>
> "The fact that he followed the settled practice of sending such questions to a Referee does not affect the character of such investigation of the account, which was clearly interlocutory."

Taaks v. *Schmidt,* 25 How. Pr. (N. Y.) 340.
Young v. *Syracuse,* 71 N. Y. S. 221.
McMulkin v. *Bates,* 46 How. Pr. (N. Y.) 409.

Your petitioner submits that these rulings are persuasive that when Rule 68 uses the words "ten days before the beginning of the trial," the rule contemplated the trial of the main case and the offer of judgment must be made before the trial of the main issues of validity and infringement. The analogous authorities show that, the hearing on an accounting is not a separate trial but only a part of the same single trial in the case.

If the decision of the Circuit Court of Appeals is allowed to stand, it means that a defendant in a patent suit *cannot possibly* make a valid offer of judgment before the trial of the issues of validity and infringement. Rule 68 provides that if the offer of judgment is accepted; and the offer and acceptance is filed, the Clerk shall enter judgment thereupon.

But this is impossible under the opinion of the Circuit Court of Appeals below, because the court holds:

> "Besides, the public has a real interest in the question of validity, and courts should never, and we suppose they never did, adjudge validity upon stipulation of the parties. It might be said that under such circumstances the court might file the entry of judgment until the questions of validity and infringement have been decided. *But the rule does not permit this* where both the offer and its acceptance must occur within twenty consecutive days and the clerk enters the judgment without hearing by, or submission to the court."

Thus, it is manifest that under the reasoning of the court below, it is *impossible* for a defendant to make a valid offer

of judgment in a patent case prior to the trial of the issues of validity and infringement and have judgment entered by the Clerk in a patent case. The consequences of the court's reasoning show, we respectfully submit, that the court's reasoning is unsound.

The plain meaning of the rule is that there is only one trial in the case, and the offer must be made more than ten days before that trial begins.

Your petitioner respectfully submits that it is agreed by both parties and the court below that the question is new. It is also agreed by both parties that the question is of great public importance.

CONCLUSION.

It must be manifest that the ruling below involves a precedent, which is of great public importance, not only in all patent cases, but in every case involving a supplementary proceeding.

Your petitioner respectfully submits that the question is one of federal law of great public importance and that it has not been, but should be, settled by this court.

Your petitioner also represents that this petition involves a question decided below in a way probably in conflict with analogous applicable decisions of this court.

Your petitioner respectfully represents that the opinion below is in direct conflict with the express wording of Rule 68. To permit the decision to stand would mean that no offer of judgment can be entered by the Clerk prior to the trial of the principal issues in a patent case.

It is therefore respectfully submitted that this case is one calling for the exercise by this court of its supervisory power by granting a Writ of Certiorari, and thereafter reviewing and reversing the decision referred to.

Most respectfully submitted,

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July 15, 1943.

(12)

IN THE

Supreme Court of the United States

OCTOBER TERM, A. D. 1942.

No. 184

HARVEY S. COVER,

Petitioner,

vs.

CHICAGO EYE SHIELD COMPANY, AN ILLINOIS CORPORATION,

Respondent.

RESPONDENT'S REPLY TO PETITION FOR A WRIT OF CERTIORARI.

FRANKLIN M. WARDEN,
Counsel for Respondent.

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THE GUNTHORP-WARREN PRINTING COMPANY, 210 WEST JACKSON, CHICAGO

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IN THE

Supreme Court of the United States

No. .....

HARVEY S. COVER,

Petitioner,

vs.

CHICAGO EYE SHIELD COMPANY, AN ILLINOIS CORPORATION,

Respondent.

RESPONDENT'S REPLY TO PETITION FOR A WRIT OF CERTIORARI.

To the Honorable the Chief Justice and Associate Justices of the Supreme Court of the United States:

Petitioner's statement is unnecessarily complicated and in some respects incomplete.

Statement of the Case.

Four of the six patents upon which petitioner sued were held either invalid or not infringed. (Record on validity and infringement, Ex. 17, p. 445.) After the trial and appeal on the issues of validity and infringement steps were taken for the trial of the accounting. In June 1940, the Master entered an order directing respondent to file a statement of account (Accounting Record, Ex. 18, p. 5.) Pursuant to this order respondent filed its statement of account wherein it set forth the sums due petitioner (Ex. 18,

pp. 7-11). Petitioner filed no objections to the statement of account. On August 20, 1940, respondent served on petitioner an offer to have judgment entered against it in the amount of $3,500.00, which offer of judgment (R. 3) is in the form prescribed by Rule 68 of the Rules of Civil Procedure. Petitioner did not accept the offer and on September 10, 1940, or twenty days after service of the offer of judgment, the trial on the accounting began before the Master (Ex. 18, p. 13). The Master found that petitioner was entitled to recover $449.70 (Ex. 18, pp. 244, 245). The Master was affirmed by the Court of Appeals (C. C. A. opinion 130 F. (2d) 25). The Master further found that it was the duty of the Master to state the amount of the recovery on the basis of the statement filed by respondent (Ex. 18, p. 242). Thus, the Master found, in effect, that this petitioner should only recover what respondent conceded from the beginning of the accounting that it owed petitioner. The offer of judgment was not before the Master (under the provisions of Rule 68 it was not admissible in evidence).

Respondent claimed the right to recover its costs on the accounting accruing after its offer of judgment, the offer of judgment being for a much greater sum than the amount for which judgment was finally awarded.

On the appeal* from the judgment of the District Court on the accounting respondent stated to the Court of Appeals that it would not argue the question of costs on the accounting because the District Court had refused to permit respondent to include in the record its offer of judgment on the ground that Rule 68 provides that an offer of judgment is not admissible in evidence. The Court of Appeals held in its opinion on the appeal from the judg-

* There were three appeals—first, the appeal from the judgment of the District Court entered after the trial on validity and infringement (C. C. A. opinion 111 F. (2d) 854); second, the appeal from the judgment entered after the trial on the accounting (C. C. A. opinion 130 F. (2d) 25); and third, the appeal with respect to costs.

ment entered on the accounting that the Court understood that respondent had not waived its right to recover costs (opinion of C. C. A. 7, 130 F. (2d) 30).

Reasons Why the Petition Should Be Denied.

1. The Courts below have merely followed the provisions of Rule 68 in awarding costs in this case to respondent.

2. While the specific question raised is new because the rule is comparatively new, there is no ground for certiorari because (a) there is no conflict of decisions, (b) the lower Courts have not declared the rule invalid nor given an interpretation to it that is not plainly within its scope, and (c) the holding of the lower Courts does not raise a question of public importance.

Argument.

Petitioner proceeds on the theory that in a patent case there is only one trial and that Rule 68 contemplates that there is only one trial of a case, and that an offer of judgment must be made prior to that trial. This theory of petitioner is not in accordance with the Rules of Civil Procedure.

It is contemplated by the Rules of Civil Procedure that there might and often should be more than one trial in a case. Rule 42 (b) so provdes:

> "*Separate Trials.* The Court in furtherance of convenience * * * may order a separate trial *of any claim*, cross-claim, counterclaim, or third-party claim, or of *any separate issue*, or of any number of claims, cross-claims, counterclaims, third-party claims or issues." (Italics ours.)

Not only is it contemplated that there may be separate trials of separate claims or issues, but it is also contem-

plated by the rules that there may be separate judgments with respect to separate claims or issues at various stages in the litigation. Rule 54 (b) states:

> "*Judgment at Various Stages.* When more than one claim for relief is presented in an action, the court at any stage, upon a determination of the issues material to a particular claim * * * may enter a judgment disposing of such claim. * * *"

In a patent case plaintiff has two claims for relief. First, plaintiff claims relief by way of an injunction, and second, plaintiff claims relief by way of the recovery of profits or damages. These two claims are tried separately and separate judgments are entered with respect to each and separate appeals are taken with respect to the separate judgments. That practice was followed in this case. It has long been the established practice that there be separate judgments and separate trials of these two claims. The Court of Appeals in the instant case stated (R. p. 33):

> "The issue as to the amount of damages recoverable, if any, is not before the court until there is a finding and judgment of validity and infringement. That issue is never permitted to be presented until after the matter of validity and infringement has been finally determined."

In fact, the two claims of the plaintiff must be separately tried under the statute (35 U. S. C. A. 70), which provides:

> "The several courts vested with jurisdiction of cases arising under the patent laws shall have power to grant injunctions according to the course and principles of courts of equity, to prevent the violation of any right secured by patent, on such terms as the court may deem reasonable; *and upon a decree being rendered* in any such case for an infringement the complainant shall be entitled to recover, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby, * * *." (Emphasis ours.)

It is apparent from the statute that there can be no trial to determine profits and damages until after a decree or judgment has been rendered for infringement. There must then be a trial and judgment on the issues pertaining to profits and damages. On the first trial, to-wit, on the trial of the plaintiff's claim for an injunction, evidence is not admissible with respect to the amount or the extent of the damage.

F. F. Slocomb & Co., Inc. v. *A. C. Layman Mach. Co.* (Dist. Ct. D. Delaware), 201 Fed. 101, 103.

Keller v. *Strauss et al.,* (S. D. N. Y.), 88 Fed. 517, 518.

Pyle Nat. Co. et al. v. *Lewin* (C. C. A. 7), 92 F. (2d) 628, 632.

Rule 68 applies to the trial of a claim irrespective of when that trial occurs in the litigation in relation to the trial of any other claim. The rule reads in part as follows:

> "At any time more than 10 days before the trial begins, a party defending against *a claim* may serve upon the adverse party an offer to allow judgment to be taken against him for the money or property or to the effect specified in his offer, with costs then accrued." (Emphasis ours.)

The rule does not require that an offer of judgment with respect to a particular claim be made prior to the trial of any or all claims involved in the litigation. All the rule provides is that an offer of judgment with respect to a claim must be made ten days prior to the beginning of the trial of that claim. There is no question in this case but that respondent's offer of judgment was made more than ten days prior to the accounting trial which was for the purpose of determining plaintiff's claim for damages and profits.

Thus, the Courts below followed the plain language, spirit and intention of the rule. They have not given a peculiar or unnatural interpretation to the rule and there

is no reason why this Court should grant certiorari to consider a case in which the lower Courts have merely followed the provisions of the rules.

There is sound public policy supporting the decisions of the lower Courts. The purpose of Rule 68 was to induce the settlement of any claim involved in litigation. The rule contemplates that a party might be willing to offer judgment with respect to one of several claims involved in litigation but not with respect to the others.

It would indeed be contrary to public policy if the rule were so interpreted that in patent litigation a defendant, in order to take advantage of the rule, *must* make an offer of judgment with respect to all of the claims in the case prior to the trial of the issues of validity and infringement. In making such an offer the defending party would be required to concede the validity of the patents in the suit. The instant case is an excellent example. Several of the six patents with respect to which petitioner brought suit for infringement were invalid. Had respondent offered judgment confessing validity of these invalid patents it would have been to the detriment of the public. However, after a judgment is entered determining validity and infringement, it is to the interest of all concerned to settle without a trial the matter of dollars and cents which is still to be tried and with respect to which another judgment must be entered. Under the provisions of Rule 68 a defending party may offer to have judgment entered and settle a claim still to be tried.

Whether or not it would be proper to make an offer to enter judgment prior to the trial of the issues of validity and infringement confessing validity is *not* raised by the record in this case. Petitioner's argument with respect to this proposition is irrelevant.

Petitioner's argument that it could not know whether or not it should accept respondent's offer to have judg-

ment entered because it didn't know how many infringing devices respondent had made, etc., is wholly unjustifiable. First, under the provisions of Rule 68 the mere fact that the plaintiff may not know how much he will recover does not avoid the operation of the rule. In most cases the plaintiff can not know with certainty before a trial the amount of the judgment to be entered after a trial. Second, in view of the liberal rules of discovery and inspection, any plaintiff can quickly ascertain whether or not an offer is fair. Third, in the instant case petitioner is in no position to urge this proposition because petitioner's accountant and counsel, at the invitation of respondent, inspected respondent's books and records prior to the time that respondent's offer of judgment was served on petitioner (Ex. 118, pp. 77, 78).

There if No Conflict of Authorities.

There is no case cited by petitioner pertaining to the question involved in this case that is in conflict with the decision of the Court of Appeals for the Seventh Circuit. The only cases cited by petitioner are not pertinent, as pointed out by the Court of Appeals in its opinion.

In fact, prior to the passage of Rule 68 it has been the practice in cases of this kind, where on an accounting the plaintiff recovers no more than the defendant has set forth as being due in its statement of account, to award costs to the defendant because the plaintiff has unnecessarily caused the accounting litigation.

Dowagiac Mfg. Co. v. *Minnesota Moline Plow Co.*, (C. C. A. 8), 183 Fed. 314, 318:

> "Common practice in such cases seems to award the costs of the accounting against a complainant *who without legal cause necessitated them. Kirby* v. *Armstrong* (C. C.) 5 Fed. 801; *Ingersoll* v. *Musgrove*, 12

Blatchf. 541, Fed. Cas. No. 7,040; *Robbins* v. *Illinois Watch Co.* (C. C.), 78 Fed. 124; *Kansas City Hay Press Co.* v. *Devol* (C. C.) 127 Fed. 363." (Emphasis ours.)

Conclusion.

Petitioner has set forth no proper grounds for the granting of the writ requested.

Respectfully submitted,

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F. ALLAN MINNE,
Of Counsel.

Dated: Chicago, Illinois,
August 18, 1943.

(13)

No. 184

IN THE

Supreme Court of the United States

HARVEY S. COVER,

Petitioner,

vs.

CHICAGO EYE SHIELD COMPANY,
an Illinois corporation,

Respondent.

PETITIONER'S MEMORANDUM IN RESPONSE TO RESPONDENT'S REPLY TO PETITION FOR WRIT OF CERTIORARI.

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ARGUMENT:

That the reasoning below is manifestly in error is shown by the fact that all questions are tried together in a case at law. In such a case, no offer of judgment could possibly be made under the reasoning below, since validity cannot be stipulated and the Clerk could not enter judgment when the offer of judgment was presented to him 1

While the "Federal Rules of Civil Procedure contemplate that there may be several trials and several judgments in a case in respect of several claims, the rules do not contemplate that there shall be several trials and several judgments respecting one single claim 2

While evidence of damages is not admissible on the trial of validity and infringement, in a majority of patent equity suits, for reasons of expediency, evidence of damages is always admissible on the trial of validity and infringement in patent law cases and frequently in patent equity cases, also. There is no rule against hearing all issues together 4

Respondent has no right to ask for costs, except because of its offer of judgment. The Master and the District Court awarded costs to Petitioner, the prevailing party, and respondent assigned error, but did not argue costs in the

Circuit Court of Appeals, which affirmed the Master's report. The District Court on remand awarded costs to respondent "solely because of" its "offer of judgment". The Circuit Court of Appeals did not disturb the District Court's finding "which shall not be set aside unless clearly erroneous" 4

Respondent's interpretation is against public policy—it would delay the offer of judgment in every patent case and defeat "the just, speedy and inexpensive determination of every action" 5

Respondent conceded the public importance of the question in its brief below. The conflict with analagous applicable decisions has been pointed out heretofore 5

Corrections of statements of fact in respondent's brief 6

CONCLUSION 7

IN THE

Supreme Court of the United States

HARVEY S. COVER,

Petitioner,

vs.

CHICAGO EYE SHIELD COMPANY,
an Illinois corporation,

Respondent.

PETITIONER'S MEMORANDUM IN RESPONSE TO RESPONDENT'S REPLY TO PETITION FOR WRIT OF CERTIORARI.

To the Honorable the Chief Justice of the United States and Associated Justices of the Supreme Court of the United States:

Point I.

Respondent's Reply contends that in a patent case, the questions of validity and infringement are determined before the question of profits and damages is determined. This is true only in the majority of equity cases for rea-

sons or expedience and procedure. There is no rule requiring the questions to be determined separately even in equity cases, and they are tried together in many instances and final judgment entered at the same time. *Flat Slab Co.* v. *Turner,* 285 F. 257, 272; *Ward* v. *Paducah,* 46 F. 862; *Barrick* v. *Pratt,* 32 F. (2) 732; *McManus* v. *Sawyer,* 231 F. 231.

Even in an equity case, these questions are not tried *separately.* They are merely tried *piecemeal.* There is only one trial, even if the issues are tried piecemeal.

But in a "law" case all the questions are *always* tried at the same time, as illustrated by the recent case of *Benz* v. *Celeste,* 58 U. S. P. Q. 345, decided June 24, 1943, where the plaintiff sued at law before a jury, which held the patent valid and infringed, and at the same time awarded damages of $11,135.28. In this case, the questions were not even tried piecemeal, but at the same time.

The *Benz* case highlights the error in the decision below. Under the reasoning below, it would have been *impossible* for the defendant in the *Benz* case to have made a valid offer of judgment because "the courts should never * * * adjudge validity upon stipulation" (Opinion of the Court below in the present case). The Court could not even file the entry of judgment until the questions of validity and infringement were decided because

> "the rule does not permit this where both the offer and its acceptance must occur within 20 days and the Clerk enters the judgment without hearing by or submission to the Court." (Opinion of Court below in the present case.)

Thus, if the defendant had made an offer of judgment in

the *Benz* case, the Court could not give effect to the offer because validity "cannot be stipulated" and the Clerk could not enter judgment "thereupon". It is impossible, under the reasoning of the court below, for a defendant in a patent case at law or equity to make a valid offer of judgment. The consequence of the reasoning of the court below illustrates the unsoundness of the court's reasoning.

Rule 68 makes no exception of patent cases in the case of offers of judgment. Rule 68 provides:

> " ** * At any time more than 10 days before trial begins, a party defending against a claim may serve upon the adverse party an offer to allow judgment to be taken against him for the money or property, or to the effect specified in his offer, with costs then accrued. * * *"

The Rule does not exclude patent cases at law or equity. Consequently, we have a rule stating that the offer of judgment may be made in any case, without exception, and we have the decision below, in effect, holding that an offer of judgment cannot be made in a patent law case, or in any patent case, since judgment cannot be entered "thereupon" upon the offer of judgment being made, because the judgment cannot be entered until the validity of the patent is determined on the trial.

We know of no law, rule, or reason, whereby the Federal Rules of Civil Procedure should not apply to patent cases as well as other cases. If the Rules are to be applied differently in patent cases from other classes of cases, then there might be a different construction of the Rules in each class of cases. This would lead to chaos.

Point II.

Respondent misstates our theory. We do not contend that there can be only one trial in a case. We admit that under Rule 42b there may be separate trials of *separate claims* or causes of action. Each patent involves a separate claim and may involve a separate trial. What we do claim is that there can be only one trial of a single claim, although that claim may be tried *piecemeal.* The questions of validity and infringement, of a particular patent, and the right to an accounting may be determined first, and the accounting may be heard later, but the trial of the separate questions on a single claim are all parts of a single trial and a valid offer of judgment must be made before the beginning of the single trial. The defendant cannot choose to delay the offer until 14 months after the trial begins.

There is no such thing as a claim for infringement and a separate claim for damages or profits resulting from the infringement. If a window is broken by a brick, there is only one claim showing that the plaintiff is entitled to relief and a demand for judgment for relief. The demand for relief is not a separate claim from the tort entitling the plaintiff to relief. The tort and the relief are all only parts of one single claim.

Rule 8 of the "Federal Rules of Civil Procedure" provides:

> "* * * A pleading which sets forth a claim for relief * * * shall contain * * * a short and plain statement of the claim showing that the pleader is entitled to relief and (3) a demand for judgment for the relief to which he deems himself entitled. * * *"

There is no such thing as a claim for damages as distinguished from a claim for infringement. A claim consists of a showing that the pleader is entitled to relief,

to-wit: validity and infringement, and the demand for relief, to-wit: the profits, damages and an injunction.

The respondent contends that since some of the patents were held invalid, it would be against public policy to require it to make its offer of judgment before the trial of the issues of validity and the right to an accounting. But the respondent overlooks the fact that an offer of judgment is like an offer of compromise. The respondent's contention in substance is that Rule 68 is against public policy.

Point III.

The respondent contends "that the evidence with respect to the amount or extent of damages is not admissible at the trial of validity and infringement." This is not true, except in the majority of equity suits for reasons of expedience and procedure. It is never true, for example, in a patent *law* suit (*Benz* v. *Celeste*, 58 U. S. P. Q. 345).

Point IV.

Respondent contends that it is entitled to costs of the accounting even though its offer of judgment were not valid. This question is not involved. The Master and the District Court awarded costs to petitioner. Respondent assigned error on the costs to the Court of Appeals, but did not argue the question and the Circuit Court of Appeals affirmed the Master's report, awarding costs to the petitioner.

On remand, the District Court awarded costs to respondent "solely because of respondent's offer of judgment". This was a clear finding that petitioner was entitled to costs, excepting for the offer of judgment. This was only reasonable since the plaintiff recovered a substantial sum and was the prevailing party. The plaintiff

had to go to court to make this recovery. Rule 52 provides that "findings of fact shall not be set aside unless clearly erroneous." The Circuit Court of Appeals did not change this finding. The Circuit Court of Appeals recognized this finding that plaintiff was entitled to costs excepting for the offer of judgment and placed its decision squarely and only on the validity of the offer of judgment. The respondent is estopped and has no right to ask for costs except on the ground of its offer of judgment, which was more than a year after the trial. The only costs involved here are the costs of the accounting as the court allowed no costs on the trial of the issues of validity and infringement because all of the patents were not held valid. This was sustained by the Circuit Court of Appeals.

Point V.

Respondent states that there is no question of public importance involved—but, in respondent's brief before the Circuit Court of Appeals, respondent admitted the question was new and

> "the question of law involved is of considerable importance in connection with patent litigation" (Respondent's Brief below, page 6).

Point VI.

Corrections of Statements of Fact in Respondents' Brief.

Respondent claims "it set forth the sums due petitioner" and "thus, the Master found, in effect, that this petitioner should only recover what respondent conceded from the beginning." This is not true. Any statement of sums that respondent made in its Statement of Account was conditioned and qualified on the showing of facts to be made by petitioner (Exhibit 18, A.R. 7, Paragraphs 10, 11 and 12).

It is not disputed that petitioner recovered *more* than any amount stated by respondent, in its Statement of Account. This is especially obvious since respondent did not state its cash sales, which later had to be and were proved (Ex. 18, p. 7).

Respondent claims petitioner inspected respondent's books and knew before the accounting how many infringing devices were made by respondent. But respondent kept no books to show sales of items and there could not have been any inspection (Ex. 18, p. 275, Respondent's Secretary Lieutaud).

CONCLUSION.

The effect of the decision of the Court below is that no valid offer of judgment may be made in a patent case, contrary to the express wording of Rule 68 and the public policy of construing the Rules to secure the "just, speedy and inexpensive determination of every action."

The consequence of the Court's decision makes it obviously erroneous.

The public importance of the case is conceded by respondent. We respectfully urge that the Supreme Court should review this case to prevent an erroneous precedent from becoming established.

Most respectfully submitted,

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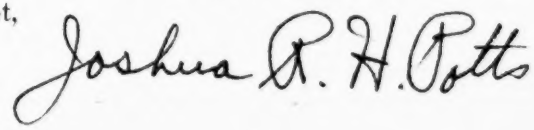

IN THE

Supreme Court of the United States

HARVEY S. COVER,
Petitioner,

vs.

CHICAGO EYE SHIELD COMPANY, an Illinois corporation,
Respondent.

No. 184

PETITION FOR REHEARING IN BEHALF OF HARVEY S. COVER.

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IN THE

Supreme Court of the United States

HARVEY S. COVER, *Petitioner,* vs. CHICAGO EYE SHIELD COMPANY, an Illinois corporation, *Respondent.*	No. 184

PETITION FOR REHEARING IN BEHALF OF HARVEY S. COVER.

On October 11, 1943, this Honorable Court denied a Petition for Writ of Certiorari.

Because the error below and the importance of the case seem so clear, Petitioner makes the following Petition for Rehearing:

The question involved in this case is a pure question of law, to-wit: whether an offer of judgment not made until more than 14 months *after* the beginning of the trial of validity, infringement and right to an accounting and an injunction, in a patent case, is valid under Rule 68 of the "Federal Rules of Civil Procedure".

There is no dispute about the facts. The trial on the issues of validity and infringement, the right to an accounting and a permanent injunction began on June 5, 1939. The offer of judgment was not made until August 20, 1940 (more than 14 months after the foregoing issues had been decided and after affirmance by the Circuit Court of Appeal), although more than ten days before the hearing on the accounting.

It was Petitioner's contention that the offer of judgment was not made more than ten days before the trial began, since it was made more than fourteen months after the beginning of the trial of validity and infringement and the right to an accounting and an injunction.

Respondent contended that the offer of judgment was, nevertheless, made in time, because it was made more than ten days before the beginning of the hearing on the accounting, and that said hearing was a "separate" trial. The District Court agreed with Respondent and held that the offer of judgment was in time and that the Respondent was entitled to costs "solely because of defendant's offer of judgment."

The Circuit Court of Appeals affirmed the District Court. The Circuit Court of Appeals, in fact, held that it was impossible to make an offer of judgment before the trial of the issues of validity and infringement because validity of a patent was never to be adjudged on stipulation.

Rule 68 is as follows:

> "At any time more than 10 days *before* the trial begins, a party defending against a claim may serve upon the adverse party an offer to allow judgment to be taken against him for the money or property or to the

effect specified in his offer, with costs then accrued. If within 10 days after the service of the offer the adverse party serves written notice that the offer is accepted, either party may then file the offer and notice of acceptance together with proof of service thereof and thereupon the clerk shall enter judgment. If the offer is not so accepted it shall be deemed withdrawn and evidence thereof is not admissible. If the adverse party fails to obtain a judgment more favorable than that offered, he shall not recover costs in the district court from the time of the offer but shall pay costs from that time."

Thus, the simple question involved here is whether a defendant in a patent suit has a choice to make his offer of judgment *before* the hearing on validity, etc., or *after* said hearing. In other words, may such a defendant delay his offer of judgment for more than fourteen months after the trial of validity, etc. begins?

The ruling below appears in *direct conflict* with the wording of the rule itself.

The ruling is also in *direct conflict* with a long line of decisions in this court in the Removal cases, construing identical language with the exception of the "ten days".

The ruling below is, also, in *conflict* with ruling in states having similar rules, as pointed out in our original brief.

The importance of the question was conceded by Respondent in its brief below:

"* * * The first question raised on this appeal is new. Prior to this case Rule 68 has never been interpreted in relation to an offer of judgment made more than ten days prior to the hearing of a patent accounting. While the amount involved in this case is small,

> the question of law involved is of considerable importance in connection with patent litigation" (D. Brief below, p. 6).

The Circuit Court of Appeals, also, remarked in its decision:

> " * * * It is a question of first impression in this court, and we are unable to find a case in any other court where it has been presented."

We most respectfully submit that there are at least two outstanding reasons why this Court should review the judgment below:

(1) If the judgment below is allowed to stand, the consequence will be that every defendant in a patent suit will defer his offer of judgment until after the hearing of validity, infringement, the right to an accounting and injunction, and will thereby defeat the object of the "Federal Rules of Civil Procedure", to-wit: "the just, speedy and inexpensive determination of every action." Rule 1.

On the other hand, if an offer of judgment, like any other offer of compromise, is required to be made in advance of the hearing on validity and infringement, the object of the rules will be promoted.

We submit that this proposition is beyond challenge.

(2) Rule 68 makes no exceptions in respect of patent cases and on its face, applies to every case.

The courts below, in holding that an offer of judgment cannot be made before the trial of the question of validity (because validity cannot be adjudged on stipulation), but

may be made thereafter, are thereby carving out an exception to Rule 68, for which there is no authority.

We respectfully submit that the judgment below is a clear repudiation of Rule 68.

It seems self-evident that there can be only one claim in a patent case on a single patent, and only one trial, and that there is no such thing as a claim for an injunction and a separate claim for an accounting. These are all part of the relief involved in one single claim.

The judgment below is bottomed entirely on one single question to-wit: whether the offer of judgment "was made more than 10 days before the beginning of the trial." If the offer was not so made, the judgment below must be automatically reversed, since it has been adjudged below that Respondent prevailed "solely because of respondent's offer of judgment."

We realize that the denial of certiorari is not an affirmance of the judgment below. However, we do not think that the judgment below, which seems so erroneous on so important a question, should be allowed to stand as a precedent.

We submit that it should be self-evident that an accounting is only an incident of the relief, and that the hearing on an incident of the relief cannot be a separate trial from the trial of the principal issues of validity and infringement, etc. We submit that they are both parts of one single trial.

Conclusion.

We respectfully submit that the Court below has decided an important question of federal law, which has not been, but should be, settled by this Court, and that the Court below has decided a federal question in a way in conflict with analagous applicable decisions of this Court and in conflict with decisions of the courts of the states having similar rules, or statutes, from which Rule 68 was adopted.

Both parties agree that the question is of public importance and the Circuit Court of Appeals stated that it was unable to find a case in any other court where it had been presented.

Most respectfully submitted,

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Certificate.

This petition is, in our judgment, well founded, and is not interposed for purpose of delay.

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